

109TH CONGRESS
1ST SESSION

H. R. 3745

To amend the Internal Revenue Code of 1986 to extend the tax treatment of members of the Armed Forces who die while serving in, or as a result of serving in, a combat zone to employees of contractors of the Federal Government.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2005

Mr. HOEKSTRA (for himself, Mr. SCHWARZ of Michigan, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend the tax treatment of members of the Armed Forces who die while serving in, or as a result of serving in, a combat zone to employees of contractors of the Federal Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. EMPLOYEES OF CONTRACTORS OF FEDERAL**
4 **GOVERNMENT WHO DIE IN COMBAT ZONES.**

5 (a) DECEDENT INCOME.—Section 692 of the Internal
6 Revenue Code of 1986 (relating to income taxes of mem-
7 bers of Armed Forces, astronauts, and victims of certain

1 terrorist attacks on death) is amended by adding at the
2 end the following new subsection:

3 “(e) FEDERAL GOVERNMENT CONTRACTOR EMPLOY-
4 EES DYING WITH RESPECT TO SERVICE IN A COMBAT
5 ZONE.—The provisions of subsections (a) and (b) shall
6 apply to any employee of an entity under contract with
7 the Federal Government whose death occurred while serv-
8 ing in a combat zone (as determined under section 112)
9 or as a result of wounds, disease, or injury incurred while
10 so serving. For purposes of the preceding sentence, rules
11 similar to the rules of subsection (b) regarding missing
12 status shall apply.”.

13 (b) DEATH GRATUITY PAYABLE WITH RESPECT TO
14 SERVICE OF FEDERAL GOVERNMENT CONTRACTORS IN A
15 COMBAT ZONE.—

16 (1) IN GENERAL.—Section 134 of such Code
17 (relating to certain military benefits) is amended by
18 adding at the end the following new subsection:

19 “(c) DEATH GRATUITY PAYABLE WITH RESPECT TO
20 SERVICE OF FEDERAL GOVERNMENT CONTRACTORS IN A
21 COMBAT ZONE.—

22 “(1) IN GENERAL.—For purposes of this sec-
23 tion, the term ‘qualified military benefit’ includes a
24 death gratuity payable with respect to any employee
25 of an entity under contract with the Federal Govern-

ment whose death occurred while serving in a combat zone (as determined under section 112) or as a result of wounds, disease, or injury incurred while so serving. This subsection shall be applied without regard to any limitation in subsection (b) relating to the date on which a benefit is in effect.

“(2) LIMITATION.—Paragraph (1) shall not apply to the portion of any death gratuity that exceeds the amount of the maximum death gratuity described in subsection (b)(3)(C).”.

(2) CONFORMING AMENDMENT.—Section 134(b)(3)(A) of such Code is amended by striking “and paragraphs (4) and (5)” and inserting “, and paragraphs (4) and (5), and subsection (c)”.

(c) CLERICAL AMENDMENTS.—

(1) The heading of section 134 of such Code is amended by inserting “, **ETC**” after “**BENEFITS**”.

(2) The heading of section 692 of such Code is amended by inserting “, **ETC.,**” after “**ATTACKS**”.

(3) The item in the table of sections for part III of subchapter B of chapter 1 of such Code relating to section 134 is amended by inserting “, etc” after “benefits”.

(4) The item in the table of sections for part II of subchapter J of chapter 1 of such Code relat-

1 ing to section 692 is amended by inserting “, etc.,”
2 after “attacks”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section shall apply with respect to deaths occurring
5 after December 31, 2003.

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